

## Message Text

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11  
ACTION EA-14

INFO OCT-01 ISO-00 IO-14 L-03 H-03 SS-20 SPC-03 RSC-01

DRC-01 /060 W

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R 221009Z MAR 74  
FM USMISSION GENEVA  
TO SECSTATE WASHDC 4768

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STADIS////////////////////////////////////

E.O. 11652: N/A  
TAGS: ETRN, UNCTAD  
SUBJ: UNCTAD CONFERENCE ON A CODE OF CONDUCT FOR  
LINER CONFERENCES

REF: STATE 052514

1. WALDMANN AND WEBB HAVE REVIEWED CONTENTS OF SUBJECT  
LETTER AND PROPOSE ANSWER ALONG THE FOLLOWING LINES.  
THIS ANSWER WOULD BE CONSISTENT WITH US POSITION AND  
RESPONSES TO PREVIOUS LETTERS FROM ASSISTANT SECRETARY  
BLACKWELL AND SECRETARY DENT.

2. QUOTE  
DEAR SENATOR LONG:  
THANK YOU FOR YOUR LETTER OF MARCH 15 ON THE SUBJECT  
OF THE ON-GOING UNCTAD CONFERENCE. WE HAVE ALWAYS FOUND  
THE REACTIONS OF YOUR COMMITTEE TO BE HELPFUL ON THE  
PREPARATIONS FOR MAJOR NEGOTIATIONS. THIS IS THE REASON  
WHY MR. WEBB, DIRECTOR OF THE OFFICE OF MARITIME  
AFFAIRS, BRIEFED YOU BEFORE THE FIRST SESSION OF THE  
CONFERENCE AND DISCUSSED THE MAJOR ISSUES WITH YOU.  
THIS WAS ALSO THE REASON FOR OUR REQUEST TO BRIEF  
THE COMMITTEE AT YOUR CONVENIENCE BETWEEN THE TWO  
SESSIONS OF THE CONFERENCE.

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WE HAVE BEEN AWARE OF YOUR CONTINUING INTEREST

IN THE DEVELOPMENT OF THE CODE OF CONDUCT. YOUR STAFF HAS PARTICIPATED IN THE DEVELOPMENT OF THE POSITION FOR THIS CONFERENCE. WE HAVE ALSO WELCOMED THE OPPORTUNITY TO HAVE MR. DASHBACH ON OUR DELEGATIONS, NOT ONLY TO THE NOVEMBER-DECEMBER SESSION BUT ALSO TO THE CURRENT RESUMED SESSION. HIS REACTIONS AND GUIDANCE HAVE BEEN EXTREMELY USEFUL.

AT THIS POINT, AS YOU KNOW, THERE ARE MANY ISSUES AS YET UNRESOLVED. WHILE THE MOST IMPORTANT IS UNDOUBTEDLY THE ISSUE OF CARGO-SHARING, MAJOR DISAGREEMENTS ALSO EXIST ON SUCH FUNDAMENTAL ISSUES AS THE SCOPE OF COVERAGE OF THE CODE, FREIGHT RATES, THE DEFINITION OF A "NATIONAL LINE", THE PROCEDURES FOR IMPLEMENTATION AND DISPUTE SETTLEMENT, THE APPLICATION OF THE CODE TO INDEPENDENT SHIPPING LINES, AND SEVERAL OTHERS. WE HAVE DEVELOPED POSITIONS OVER THE LAST FEW MONTHS WITH THE ASSISTANCE OF INDUSTRY AND CONGRESSIONAL STAFF REPRESENTATIVES TO COVER THESE DIFFICULT ISSUES. WE WILL NOT BE IN A POSITION TO JUDGE THE EFFECT OF THE EVENTUAL AND NECESSARY COMPROMISE ON ALL OF THESE ISSUES UNTIL WE SEE THE PACKAGE AS A WHOLE. THUS, IT IS PERHAPS PREMATURE TO PREDICT THE IMPACT OF THE CODE ON OUR LINER FLEET.

WE ARE CERTAINLY PLEASED WITH DEVELOPMENTS WHICH HAVE FOLLOWED ON THE ENACTMENT OF THE 1970 MERCHANT MARINE ACT. OUR SHIPPING IS BECOMING MORE COMPETITIVE. WE ARE CONCERNED THAT THE CODE COULD, BECAUSE OF RIGID CARGO-SHARING PROVISIONS, DEPRIVE US OF THE OPPORTUNITY TO COMPETE ON A WORLD-WIDE BASIS. ON THE OTHER HAND, WE MUST RECOGNIZE THAT THE CONFERENCES IN OTHER TRADES HAVE HISTORICALLY OPERATED AS CLOSED CARTELS, GIVING RISE TO THE DEMAND OF THE DEVELOPING COUNTRIES TO SECURE THE RIGHT TO PARTICIPATE IN THE CARRIAGE OF THEIR OWN TRADE.

IN ADDITION, WE MUST RECOGNIZE THAT WE ALSO HAVE A VITAL U.S. OBJECTIVE OF PRESERVING OUR COMPETITIVENESS IN WORLD TRADE, WHICH DEMANDS THAT WE SECURE EFFICIENT SHIPPING SERVICES AT THE LOWEST ECONOMIC COST. THE U.S. GOVERNMENT POSITION MUST THEREFORE TAKE INTO ACCOUNT THIS TRADE OBJECTIVE AS WELL AS THAT OF THE PROTECTION OF OUR LIMITED OFFICIAL USE

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MERCHANT MARINE.

IT IS GENERALLY RECOGNIZED AT THE CONFERENCE THAT THE U.S. HAS PLAYED AN IMPORTANT AND CONSTRUCTIVE NEGOTIATING ROLE. WE HAVE JOINED WITH OTHERS IN WORKING TOWARD A CODE WHICH IS UNIVERSALLY ACCEPTABLE; AT THE SAME TIME, HOWEVER, KEEPING OUR OPTIONS OPEN WITH RESPECT TO ANY FORMULA FOR CARGO-SHARING.

I HOPE THAT THIS RESPONSE TO YOUR LETTER EXPLAINS

MORE FULLY OUR POSITION REGARDING THIS ISSUE. WE ARE  
OF COURSE DURING THE COURSE OF THESE NEGOTIATIONS  
KEEPING THIS POSITION UNDER REVIEW. AFTER THE CONCLUSION  
OF THE MEETINGS IN GENEVA, WE WILL BE PLEASED TO BRIEF  
YOU FULLY ON THE RESULTS. SINCERELY YOURS,

WILLIS C. ARMSTRONG

END QUOTE

ACTION REQUESTED: EB/TT REVIEW AND PREPARE PROPOSED/LETTER FOR  
ARMSTRONG SIGNATURE. DALE

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## Message Attributes

**Automatic Decaptioning:** Z  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** MARINE TRANSPORTATION, MEETINGS, US CONGRESSIONAL HEARINGS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 22 MAR 1974  
**Decaption Date:** 28 MAY 2004  
**Decaption Note:** 25 YEAR REVIEW  
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**Disposition Approved on Date:**  
**Disposition Authority:** morefirh  
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